

## Message Text

CONFIDENTIAL

PAGE 01 VIENNA 05220 081812Z  
ACTION EB-08

INFO OCT-01 AF-10 ARA-10 EA-10 EUR-12 NEA-11 IO-13  
ISO-00 STRE-00 AGRE-00 CEA-01 CIAE-00 COME-00  
DODE-00 FRB-03 H-01 INR-10 INT-05 L-03 LAB-04  
NSAE-00 PA-01 CTME-00 AID-05 SS-15 STR-07 ITC-01  
TRSE-00 SP-02 SOE-02 OMB-01 DOE-15 NSCE-00 SSO-00  
ICAE-00 INRE-00 OIC-02 /153 W  
-----118635 081822Z /50

O 081805Z JUN 78  
FM AMEMBASSY VIENNA  
TO SECSTATE WASHDC IMMEDIATE 6716  
INFO AMEMBASSY BONN  
USMISSION GENEVA  
AMEMBASSY LONDON

C O N F I D E N T I A L VIENNA 05220

PASS STR STARKET & AGRICULTURE ELECTRONICALLY

LONDDN PASS TOM SAYLOR

E.O. 116522 GDS  
TAGG: EAGG, ETRD, AU  
MUBJECT AUSTRIAN OILSEED PROGRAM

REF: STATE 144730

1. SUMMARY: FOLLOWING LENGTHY ARTICLE XXII CONSULTATION  
WITH GOA DELEGATION TODAY, EMBOFFS AND WASHINGTON DELE-  
GATION HAVE CONCLUDED THAT ONLY WAY WE MIGHT PERSUADE  
GOA TO PULL BACK IN ITS DETERMINATION TO PROCEED WITH  
OILSEED PROJECT AT THIS JUNCTURE IS THROUGH DIRECT  
APPROACH BY AMBASSADOR TO FINANCE MINISTER (WHO, TOGETHER  
WITH AGRICULTURE MINISTER IS KEY FIGURE IN PROCESS).  
PROPOSED TALKING POINTS FOLLOW. END SUMMARY.

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2. IN ARTICLE XXII CONSULTATIONS ON JUNE 8, GOA WAS  
DISINCLINED TO RECONSIDER PROPOSED OILSEED BILL NOW  
BEFORE PARLIAMENT. ONLY CHANCE FOR TURNING GOA AROUND  
AT THIS JUNCTURE IS REPRESENTATION BY AMBASSADOR TO  
EMPHASIZE BROADER POLITICAL AND ECONOMIC IMPLICATIONS.

3. WE PROPOSE THAT AMBASSADOR MAKE FOLLOWING POINTS:

A) USG DOES NOT QUESTION AUSTRIA'S RIGHT TO DEVELOP OILSEED PRODUCTION PROGRAM, OR ENCOURAGE CLIMATE FOR PROCESSING INDUSTRY SO LONG AS THE BURDEN OF ADJUSTMENT IS NOT TRANSFERRED TO THIRD COUNTRIES. THE DRAFT BILL CLEARLY PASSES THE BURDEN OF PRODUCING REVENUE TO FINANCE STRUCTURAL REFORM TO CURRENT DIRECT AND INDIRECT SUPPLIERS OF OILSEED PRODUCTS, PRIMARILY SOYBEAN MEAL IN WHICH THE US HAS A PRIMARY INTEREST.

B) MOREOVER, THE BILL IN OUR VIEW HAS THE EFFECT OF IMPAIRING IMPORTANT GATT CONCESSIONS MADE TO THE US, AND WOULD LEAVE US NO ALTERNATIVE BUT TO WITHDRAW CONCESSIONS OF EQUAL VALUE THUS ADVERSELY AFFECTING EXPORTS OF OTHER AUSTRIAN PRODUCTS

-- PROPOSED TAXES ARE IN EFFECT IMPORT DUTIES AIMED AT US EXPORTS OF SOYBEAN PRODUCTS;

-- IF BILL IS LEGISLATED, USG WILL IMMEDIATELY INVOKE ARTICLE XXIII OF THE GATT;

-- HEAVY PRESSURES WILL BE EXERTED IN THE US FOR THE IMMEDIATE WITHDRAWAL OF CONCESSIONS. POSSIBLE WITHDRAWAL ITEMS WOULD BE HEAVY INDUSTRIAL EQUIPMENT SUCH AS CRANES, AND MAN-MADE  
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FIBERS.

C) THE PROPOSED BILL ALSO WOULD PRESENT OTHER SERIOUS RISKS TO AUSTRIAN TRADE INTERESTS.

-- IT COULD RESULT IN RETALIATION AGAINST AUSTRIA'S EXPORTS BY OTHER COUNTRIES SUCH AS THE FEDERAL REPUBLIC, AND IN AREAS OTHER THAN AGRICULTURE.

-- TO THE EXTENT THE PROGRAM CURTAILS LOW COST FEED INGREDIENTS (I.E. SOYBEAN MEAL) AUSTRIA MAY WELL DISCOVER ITS EXPORTS OF CERTAIN AGRICULTURAL PRODUCTS ARE NO LONGER COMPETITIVE ON WORLD MARKETS.

4. WHEN IT CONSIDERED THE BILL YESTERDAY, THE BUDGET AND FINANCE COMMITTEE DID NOT APPROVE THE MEASURE. RATHER, IT ESTABLISHED A SPECIAL SUB-COMMISSION TO STUDY IT. THE CHAIRMAN OF THE GOA DELEGATION, HOWEVER, REPEATEDLY STRESSED THE GOA'S STRONG HOPE THAT PARLIAMENT WOULD APPROVE THE MEASURE SO THAT IT COULD ENTER

INTO EFFECT ON JULY 1. WOLF

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## Message Attributes

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**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** OILS, TAXES  
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**Decaption Date:** 20 Mar 2014  
**Decaption Note:** 25 YEAR REVIEW  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
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20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014